

Tax Relief for Historic Building Rehabilitation Projects

Presented by
State Historic Preservation Office
SC Department of Archives and History

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Taxes?



Historic Buildings?



Taxes?



Historic Buildings?



What's Out There?

- Federal income tax credits
 - (20%, 10%)
 - Federal deduction for easement donations
 - State income tax credits
 - (25%, 10%)
 - Local option property tax abatement – freeze of tax value
 - Federal energy tax credits
 - SC Textile Communities Revitalization Act
 - Federal low income housing tax credit
 - Federal New Market tax credit
- Can be used on historic and non –historic buildings

Grants and Tax Incentives for Preserving Historic Buildings and Sites

Several tax incentives are available to owners who preserve historic buildings and sites in South Carolina.

Historic Preservation Grants: The SC Department of Archives and History administers the South Carolina Department of Archives and History. There are two categories of grants: **Historic Preservation Grants** and **Historic Rehabilitation Grants**. The difference between the two categories regarding eligible activities and eligible applicants are explained in State Historic Preservation Office grants at the SHPO. These grants are awarded on a competitive basis.

Other professional and organizational fees: Several incentive programs that support a variety of preservation-related activities are offered through the SHPO.

Federal, state, and local tax incentives encourage the rehabilitation of historic buildings and structures of preservation significance. The SHPO, through its Historic Preservation Office (HPO), helps owners meet the standards required for these programs. With proper research and planning, the incentives can be eligible for tax incentives. See the SHPO website for more information on incentives that may apply to your building.

<http://shpo.sc.gov/grants>

Other links

- SC Housing, Finance & Development Authority
http://www.sha.state.sc.us/Housing_Partners/Tax_Credits
- SC Energy Office
<http://www.energy.sc.gov/>
- New Market Tax Credit Coalition
<http://nmtccoalition.org/>

How Incentives Work...


- Credit: reduces amount of taxes owed
\$1 credit reduces taxes by \$1
- Deduction: Reduces amount of income
\$1 deduction, 20% tax rate, lowers tax by 20 cents
- Property Tax Abatement: Assessment of value set at pre-rehab value
savings depends on millage rate

Historic Tax Credits Based on USE

What type of project do you have?

- Historic Building, income-producing
- Historic Building, owner-occupied home
- Historic Building, mixed use
- "Non-Historic" Building, non-residential income-producing use

"We don't give tax advice"




Historic Building income-producing use

- Federal Income Tax – 20% Credit
- State Income Tax – 10% Credit

May also apply:

- Local Property Tax – Freeze of Tax Value
- Easement deduction
- Low income housing credit, textile mill credit, etc

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Bennettsville Historic District



Retail and Residential (apartments)





Poinsett Hotel, Greenville





Olympia Mill, Columbia

Orangeburg Post Office



Newberry Hospital




Building 45, former Navy Yard



Kennedy Street School, Anderson



Historic Building owner-occupied home


- State Income Tax – 25% Credit

May also apply:

- Local Property Tax – Freeze of Tax Value
- Easement deduction

Work reviewed by SHPO before project starts

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Historic Building mixed use

- Federal Income Tax – 20% credit (partial)
- State Income Tax – 10% credit (partial)
- State Income Tax – 25% credit (partial)

May also apply:

- Local Property Tax – Freeze of Tax Value
- Easement deduction

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“Non” Historic Building income-producing use


- Federal Income Tax – 10% Credit

May also apply:

- Local Property Abatement
- Textile mill credit

Built before 1936, not listed in the National Register, non- residential projects , wall retention tests apply – no design review

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Basic Requirements for Historic Tax Credit Projects

- Be designated HISTORIC, not just old.
 - National Register for Federal/State
 - Local designation for local incentive
- Spend enough MONEY.
 - Meet the threshold for the program
- Do the work RIGHT.
 - Work meets Standards for Rehabilitation

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Designated Historic

- National Register of Historic Places
 - (state and federal credits use listing status)
- Local historic designation
 - (for local property tax freeze)
- Non-historic (1936), not National Register listed

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<http://www.nationalregister.sc.gov/nrlinks.htm>



Spend Enough Money

- Income-producing projects
 - Exceed the adjusted basis in 24 (60) months
- Owner-occupied homes
 - More than \$15,000 in 36 months
- Local property tax value freeze
 - More than threshold in local ordinance

Know what expenses count for the credit

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Do The Work Right

Work must meet the **Standards for Rehabilitation** for these programs:

- Income-producing projects
- Owner-occupied homes
- Local property tax value freeze



Rose Hotel, York

20% Federal Tax Credit	\$300,000
State Housing Trust Fund	\$300,000
Community Dev. Block Grant	\$330,000
Special property tax assessment	

TOTAL INCENTIVES	\$930,000
TOTAL PROJECT FUNDING	\$1,880,000



Bennettsville Lofts

20% Federal Tax Credit	\$468,362
10% State Tax Credit	\$115,804
Federal Home Loan Bank	\$143,000
Community Dev. Block Grant	\$330,000
Low Income Housing Tax Credit	\$1,235,128

TOTAL INCENTIVES	\$2,292,294
TOTAL PROJECT FUNDING	\$3,055,959



Highland Park Mill Senior Center, Rock Hill

20% Federal Tax Credit	\$2,084,850
Textile Mill Credits	\$1,314,714
Low Income Housing Credits	\$2,660,374
TOTAL INCENTIVES	\$6,059,938
TOTAL PROJECT FUNDING	\$13,321,984



<http://shpo.sc.gov/forms/>

What Questions Do You Have?

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